

Message Text

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71

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 IO-13 DODE-00 PA-03 USIA-12

PRS-01 RSR-01 /115 W

----- 020560

R 220220 Z JUN 73

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 6789

DEPT OF COMMERCE

INFO AMEMBASSY CANBERRA

AMEMBASSY SUVA

AMEMBASSY TOKYO

DEPT OF INTERIOR

LIMITED OFFICIAL USE WELLINGTON 1611

EO 11652: N/A

TAGS: ETRD NZ

SUBJ: PLAN FOR INDUSTRIAL FREE ZONE NEAR APIA, WESTERN SAMOA

1. SUMMARY: ON JUNE 11 MIN. FINANCE SAM F. SAILI TOLD ME GOVT. WESTERN SAMOA (GWS) IS CONSIDERING CREATION OF INDUSTRIAL FREE ZONE NEAR APIA. HE HOPED BANKING WOULD BE HANDLED BY TWO BANKS, THE BANK OF WESTERN SAMOA (BWS), WHICH IS CONTROLLED BY BANK OF NEW ZEALAND AND U. S. BANK. HE HAD IN MIND USE OF WS LABOR FOR PARTIAL MANUFACTURE CLOTHING, ELECTRONIC COMPONENTS WATCHES, ETC. HE HOPED U. S. AND JAPANESE FIRMS WOULD BE INTERESTED. END SUMMARY.

2. ON JUNE 4 HEAD OF STATE OPENED LEGISLATIVE ASSEMBLY WITH SPEECH OUTLINING GWS POLICY. SPEECH EMPHASIZED GWS WILL " EXPAND AVENUES EARNING FOREIGN EXCHANGE."

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3. SAM SA' ILI (PRON. SA- ILI) OUTLINED TO ME HIS
VIEWS ON INDUSTRIAL FREE ZONE AS FOLLOWS:

(A) SURVEY PORT APIA NOW BEING MADE TO DECIDE
WHERE IT COULD BEST BE ENLARGED TO SERVE AN
INDUSTRIAL FREE ZONE.

(B) GWS HOPED GOJ MIGHT FINANCE BY GRANT AID
(COMMENT: ADB SOURCES TOLD ME GOJ OFFICIALS HAD
BEEN PARTICULARLY CORDIAL TO SA' ILI DURING APRIL
ADB MEETING TOKYO). SA' ILI FELT WS FAR FROM
TROUBLED SEA WITH STABLE GOVT (COMMENT: IT IS)
AND LOW WAGES (COMMENT: SEE G BELOW) NO LABOR UNIONS
(COMMENT: YET) WOULD BE GOOD PLACE FOR GOJ AND U. S.
INVESTMENT IN LABOR INTENSIVE INDUSTRIES.

(C) IF GOJ UNWILLING PROVIDE GRANT AID, GWS
WOULD SEEK 1 1/2 PERCENT ADB LOAN.

(D) GWS MOTIVE WAS TO SUPPLY ADDITIONAL EMPLOYMENT
FOR RAPIDLY EXPANDING AND INCREASINGLY BETTER
EDUCATED POPULATION WHICH IS GRAVITATING TO APIA WHERE
THERE NOW INSUFFICIENT EMPLOYMENT (HE BELIEVED
LABOR FORCE OF 6,000 WOULD BE AVAILABLE IN 5 YEARS)
AND TO INCREASE GWS HOLDINGS HARD CURRENCIES.

(E) SA' ILI HOPED TWO BANKS, BWS AND A U. S. BANK
WOULD FINANCE PURCHASE SEMIMANUFACTURED LABOR
INTENSIVE PRODUCTS. SAMOAN LABOR WOULD ASSEMBLE
AND BANKS WOULD FINANCE EXPORT. THERE WOULD BE
NO DUTIES . BANKS WOULD HANDLE FINANCING. GWS
WOULD TAX. HE DID NOT WANT JAPANESE BANK.

(F) SA' ILI CLAIMED GWS WOULD LEGISLATE (A) TO
CONTROL WAGE CEILINGS UNSKILLED, SEMI SKILLED AND
SKILLED LABOR AND (B) " PROHIBIT UNION STRIKES."
(COMMENT: AT PRESENT NO UNIONS IN WS AND GWS
OPPOSES VISITS FOREIGN TRADE UNIONISTS, BUT
SEEMS INEVITABLE UNIONS WILL BE FORMED.)

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(G) WAGES: SA' ILI SAID MAXIMUM WAGE WOULD BE 2 TALA/
DAY (1 TALA EQUALS US DOLS 1 .66). HE CLAIMED THIS WAS ONE
FIFTH OF AMERICAN SAMOAN WAGES (COMMENT: ACTUALLY
ABOUT ONE THIRD) AND NOTED FISH CANNERY, CLOTHING
AND TIMEX PLANTS NOW OPERATING THERE. (COMMENT:
UNDP SOURCES TOLD ME CANADIANS HAD LOOKED INTO
WS WAGES AND FOUND THEY HIGHER THAN WAGES IN

INDONESIA AND SEVERAL SEA COUNTRIES.)

(H) SA' ILI DID NOT NAME A U. S. BANK BUT NOTED
NATIONAL CITY WAS PARTICIPATING WITH GWS IN
FINANCING NEW HOTEL, THE TUSITALA, IN APIA.

4. SA' ILI IS YOUNG, CLEVER AND OF CHINESE ANCESTRY.
BEING NEW AT JOB HIS JUDGMENT NOT YET PROVED. HOWEVER,
LOCAL SOURCES (UNDP, ADB AND NZ HIGH COMMISSIONER)
CONSIDER HIS PLAN WHICH ENDORSED BY GWS HAS MERIT.
HZ HIGH COMMISSIONER CONFIRMED WHAT I HAVE HEARD FROM
OTHER SOURCES: WESTERN SAMOANS ARE GOOD WORKERS AND WILL
PUT IN FULL DAY WITHOUT LOAFING IF EMPLOYER TAKES REAL
PERSONAL INTEREST IN THEM AND ALLOWS SOME LATITUDE FOR TRADITIONAL
TIME OFF FOR VILLAGE FESTIVALS.

5. AIRGRAM ON WS WILL FOLLOW.
WOOD

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*** Current Classification *** LIMITED OFFICIAL USE

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SECSTATE WASHDC INFO CANBERRA
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